

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

IN THE MATTER OF	}	
the Request by Ronan Telephone	}	WT Docket No. 06-231
Company for a Three Year Extension of	}	
the Build-out Time Requirement for a)	}	
Portion of the Lower 700 MHz Wireless	}	COMMENTS
License Montana RSA 1 - Lincoln	}	
(CMA 523) Consisting of the	}	
Blackfeet Indian Reservation, Montana)	

To: The Commission

**RONAN TELEPHONE COMPANY COMMENTS ON
REQUEST FOR EXTENSION OF BUILD-OUT REQUIREMENT
FOR 700 MHZ LICENSE**

Ronan Telephone Company (RTC) hereby respectfully submits the following comments regarding the request by RTC and the Blackfeet Tribal Business Council (BTBC) for an Order approving an extension of the time required for build-out of a portion of the 700 MHz License area- Montana RSA 1 (CMA 523), located on the Blackfeet Indian Reservation, Montana. The Motion by RTC/BTBC was filed on November 29, 2006. On December 29, 2006 the FCC released a Public Notice, setting dates for initial Comments to be filed by January 12, 2007, and Reply Comments by January 17, 2007.

The grounds for the three year extension/waiver request are set forth in detail in RTC/BTBC's filing of November 29, 2006. These Comments are intended to provide further detail to the Commission regarding the start-up of the new telecommunications business on the Blackfeet Reservation, and an update

of the services provided and number of customers served to date. RTC and BTBC have requested expedited action by the Commission on this Motion, since the current build-out deadline would expire on January 29, 2007.

General Business Information

RTC formed a new business entity in May of 2006, for the purpose of planning and building a system to provide wireless telecommunications service on the Blackfeet Indian Reservation, utilizing the Lower 700 MHz license obtained for Montana RSA 1- Lincoln (CMA 523), in FCC Auction No. 44. RTC's parent corporation, CommunityTel, Inc., entered into a partnership with the Blackfeet Tribe for these purposes, consistent with the Agreement that was reached between the parties for Certification of RTC for the Tribal Lands bidding credit eligibility.¹ The new company was named Oki Communications, LLC, (Oki) and was formed as a Montana Limited Liability Company, with a Management Committee serving the same functions as a Corporation's Board of Directors. Initial funding for the enterprise comes from both partners. The intent of the company is to provide wireless high-speed Internet access to the residents of the Blackfeet Reservation, with the short term goal of serving the community of Browning and the surrounding area. Longer term goals are to provide this service to the entire Reservation including the communities of Heart Butte, East Glacier, St. Mary's and Babb. After Internet Service is firmly established and financially successful, the partners plan to add voice services, probably using

¹ See, 47 C.F.R. §1.2110(e)(3) and Blackfeet Tribe Certification and Resolution, attached to the Motion filed November 29, 2006 (Exhibit B and Exhibit C).

Voice over Internet Protocol (VOIP).

One important objective of Oki is to hire local employees, providing employment and training to local residents of the Reservation. This is consistent with a principal goal of the Tribe and RTC, and will avoid the “outsourcing” which would probably occur if the services were provided by a business entity not based on the Reservation. Oki hired an Operations Manager on August 29, and a Technician in September, both full time, to run the office and install wireless data systems. They were trained at RTC’s Ronan facility, on general telephone company operations, with particular emphasis on the management of the Internet access portion of the business.²

The base station for the initial 700 MHz service on the Reservation was installed on the water tower in Browning on October 16th and high-speed wireless Internet service was initially offered on November 20th. During the installation of the base station in Browning, the vendor (Arris) trained both Oki and RTC employees on the proper installation and calibration of the radio and data equipment for both the base station and the customer premises equipment. Because this is a new company, RTC is providing training, expertise and its vendor contacts, for the initial planning and construction, and to secure backhaul facilities and equipment to begin the operation. It is expected that over time, as Oki grows, gains experience and expertise, and establishes itself, Oki will eventually be able to operate independently of RTC.

Administration

² RTC is an incumbent LEC in Ronan, Montana, a family business which was acquired in 1960, and provides local and long distance telephone services, dial-up and DSL Internet services, and a variety of other related telecommunications services.

For the Oki operations on the Reservation, an office was leased in Browning, on the main Highway in town, directly across from the Blackfeet Community College.³ This is an excellent location for the business office, and the Oki Management Committee has decided to remain in this location and has extended the current lease for an additional six months. With a new sign and the Oki logo on the roof, this office for the new wireless broadband data service will be highly visible to everyone in the town of Browning.

³ Browning is the principle town on the Reservation, whose residents make up approximately half of the total Reservation population.

A customer database has been developed by the RTC IT staff in Ronan, and staff in Browning have been trained so that they can enter new customer service orders, take incoming calls for installation and maintenance, and accept payments from customers. Accounting staff are responsible for maintaining the bank account and preparing checks to pay the bills.⁴ They provide a financial report to the Operations Manager and the Management Committee on a monthly basis.

Marketing

We participated in the Grand Opening of the Tribe's new "Glacier Peaks Casino" in Browning on September 29th, which provided a prime marketing opportunity for Oki's new business. Oki provided a complimentary lunch to approximately 700 persons attending the event. As part of our marketing campaign at this event, Oki also held a raffle for a new computer and a number of T-shirts and hats with the Oki logo. This is the only explicit marketing Oki has done to date. Since Browning is a very close knit community, "word of mouth" has so far proven to be the most effective method of marketing Oki's high speed Internet business. As a result of the Casino event and favorable "word of mouth" recommendations, there is considerable enthusiasm in the community currently supporting Oki. An open house event is also planned, to regenerate the current enthusiasm in the community when the robust take rate Oki is currently experiencing starts to subside.

⁴ All Oki checks require two signatures; that of Jay Wilson Preston, Chairman of both RTC and the Oki Management Committee and Dennis Fitzpatrick, General Manager of Siyeh (the Blackfeet Tribe business entity) and a member of the Oki Management Committee.

Business Planning

Oki based its business plan on a variety of inputs, principally from a survey of the population in the Browning area taken in the summer of 2005. Costs for equipment and services, overhead, salaries, and expenses were predicted based on RTC's telecommunications experience and the Tribe's experience doing business on the Reservation (through its business entity, Siyeh). The unknown factor was whether a new Internet Service Provider in Browning would be able to obtain enough customers at a marketable monthly service rate to be able to sustain itself over time. The results of this survey showed that there was significant pent up demand for an alternative to the service provided by the incumbent telephone cooperative. Using a fairly large sample and extrapolation techniques, we predicted that approximately one thousand customers would be the maximum we could expect to subscribe over the long term in the Browning area (the Reservation has a total population of approximately 10,000 with approximately half of these living in or very near Browning).⁵ In order to be conservative and account for competition and other unknown factors, we utilized a prediction of half that maximum amount, and used 500 customers as an assumed maximum number of subscribers for our cash flow projection. Modeling a take rate of 15 new customers per month after an initial surge, that projection predicted that revenue would equal monthly recurring expenses at month 30 of the

⁵ Note that the Blackfeet Reservation has a very low per capita income, based on national standards, which is another reason the business model conservatively estimates the potential penetration rate for high-speed Internet services.

operation.

Our initial estimate for subscribers was 70 for the first month, then 15 per month up to the total maximum of 500. Business subscribers were estimated at 10 for the first month, and then 5 additional every month thereafter until we reached a total of 40. Based on our survey and many indications of dissatisfaction with the service provided by the incumbent telephone company (3 Rivers Telephone Cooperative) we knew there was a solid pent-up demand for an alternative to 3 Rivers. Without any advertising, we had 50 new customers the first month, and at this time we have an order backlog for an additional 50 subscribers which we expect to have installed by the end of the month. The backlog is remaining constant, and we expect to have 50 per month for the next couple of months. In addition, the take rate for the more expensive “deluxe” version of the service (which provides a download speed of 1.5 Mb) is nearly equal to the basic service take rate (contrary to our initial prediction that a much higher proportion of the subscribers would take the less expensive “basic” service package), so we now expect our revenues to exceed our predictions. We will have higher revenue sooner than anticipated. While this is good news, it also creates a need for more backhaul (upstream bandwidth) and we have therefore placed an order for a third T-1 line from Sprint to accommodate the brisk sales. This will, of course, increase our expenses as well. We are working on a revised business model, factoring in the accelerated demand and our first two months of actual expenses and costs.

Services and Rates

The following table shows our current rates for four different service types and bandwidth offerings. There are now 52 Basic customers, 13 Deluxe

customers, and one Small Tribal Program installed, and we have a backlog of 50 installation requests. There are presently two T-1 lines and a third T-1 has been ordered from Sprint to provide the additional upstream capacity to accommodate the larger customers.

OKI CURRENT RATE SCHEDULE

Service type	Bandwidth Delivery*	Price /Mo.
Basic	1mb down, 512kb up	\$29.95/Mo.
Deluxe	1.5mb down, 1mb up	\$44.95/Mo.
Tribal Programs (Small)	1.5mb down, 1.5mb up	\$75/Mo.
Large Business/Programs	2.0mb down, 1.5mb up	\$195/Mo.

Installation charge: \$50

Operations

In order to meet this heavy short term demand, we have set up two install teams for a portion of the month of January using resources from both the Tribe and RTC, and are working to install new systems and reduce the “wait time” for customers to receive service. A third order for customer equipment is being prepared at this time so that we do not run out of radios to install. The wireless systems we are using is “near line of sight” (NLOS); and we installed the base station antenna on top of the

water tower in the middle of Browning. This gives us a line of sight to the townsite of Browning and the area around Browning; the water tower being the tallest structure in town. This base station location also avoids interference with UHF Television Channel 54, as described in the Motion filed November 29, 2006. We anticipated that we would be able to offer service to the entire town of Browning which is approximately the size of a three mile diameter circle, and we discovered that we are actually able to provide a workable signal to some limited locations out as far as ten or eleven miles from the water tower transmitter. This will further enhance our revenue base over time, however, to be conservative in our predictions, we are not factoring this into our revised model.

Summary

The foregoing information is provided to more fully inform the Commission of the planning and initial operations of RTC and Oki, to initiate service in Browning utilizing the 700 MHz spectrum license. RTC is very encouraged by the progress thus far, both from a technical perspective, and the very favorable response from the community. There are challenges ahead for RTC

and Oki, to make this business a financial success. But the initial progress and indications are positive, and RTC is optimistic that this will eventually become a profitable, self-sustaining business, eventually majority-owned and operated by the Blackfeet Tribe. This is a worthy goal, and could become a model for similar businesses on other Indian Reservations throughout the nation.

DATED: January 12, 2007

Respectfully Submitted,

/s/ Ivan C. Evilsizer
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